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### Weekly Highlights and Hot Bites No. 30

#### Report Categories:

Agriculture in the News

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#### Report Highlights:

\*Latest estimate pegs 2008-09 grain production higher \*, \*Agriculture Minister says "Monsoon situation quite serious"\*, \*Poor monsoon rains affect prices on pulses\*, \*ASEAN FTA will hit farmers, says Brinda\*, \*EU seeks clarification on import duty\*, \* Government gives approval to safety trials for GM rice and maize\*, \* BT Brinjal: No outstanding bio-safety issues\*, \* India looks for a new deal with U.S. on climate change\*.

#### General Information:

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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## **LATEST ESTIMATE PEGS 2008-09 GRAIN PRODUCTION HIGHER**

India produced a record 233.88 million tons of grains in 2008-09, three million tons more than in 2007-08, according to the fourth advance estimate released by the government. Wheat production reached a record 80.58 million tons compared to 78.57 million tons in 2007-08 and rice production reached a record 99.15 million tons, 3 million tons higher compared to 2007-08. Coarse grain production, however, dropped to 39.48 million tons from 40.76 million tons and pulse production dropped by one million tons to 14.66 million tons. Oilseed production also declined to 28.16 million tons in 2008-09 from 29.76 million tons in the previous year. (Source: Economic Times, 07/22/09)

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## **AGRICULTURE MINISTER SAYS "MONSOON SITUATION QUITE SERIOUS"**

Agriculture Minister Sharad Pawar said the overall agriculture situation was quite serious due to an inadequate Southwest monsoon so far and the government was taking all steps to face the situation. "For the last three or four years the food [grain] production was good, but this year we have a serious situation," he informed the Lok Sabha (Lower House of the Parliament). Bihar, Uttar Pradesh, Punjab, Haryana, Uttarkhand, parts of Tamil Nadu and Andhra Pradesh were hit by poor rainfall. Regarding the overall crop situation, he said except for the total transplantation of paddy having fallen, there was an improvement in the planting of crops such as millet, sorghum, and oilseeds. (Source: Hindu, 07/21/09)

## **POOR MONSOON RAINS AFFECT PRICES ON PULSES**

Retail prices of pulses (beans, lentils, and peas), major source of protein in poor man's diet in India, is slowly going out of his reach. Lower production last year coupled with poor global stocks has sharply pushed price of tur (pigeon pea), mung bean, and urd (black matpe) over the past few weeks. Traders feel prices could go further up if the monsoon situation does not improve. In Delhi retail market, tur prices have risen to Rs. 85 per kg from Rs. 50 per kg in January 2009. Retail prices of urd have gone up to Rs. 90 to Rs. 100 per kg from Rs. 60 to Rs. 70 per kg two months ago. Prices of other major pulses such as chickpeas and lentils have also gone up. A senior government official said that pulse production in the country could not increase beyond a level despite setting up a technology mission on pulse. "Import options too are limited due to lower output of pulses in other producing countries," he said. (Source: Financial Express, 07/21/09)

## **ASEAN FTA WILL HIT FARMERS, SAYS BRINDA**

Several Rajya Sabha (Upper House of the Parliament) members expressed serious opposition to the proposed India-ASEAN (Association of South East Asian Nations) Free Trade Agreement (FTA) that proposes to drastically reduce or remove import duties on over 4,000 items of mutual trade. Raising the issue, the CPI(M)'s Brinda Karat said signing of this agreement would be devastating to Indian farmers. The agreement for duty reduction would cover pepper, coffee, tea, rubber, palm oil and cashew. This agreement would be a disaster to states such as Kerala at a time when the nation is facing an agrarian crisis. Her concern comes close on the heels of External Affairs Minister S.M. Krishna stating in Phuket recently that negotiations for India's Comprehensive Economic Cooperation Agreement (CECA) with ASEAN had been completed. He indicated that the CECA might be signed in October at the Indo-ASEAN summit in Thailand. Ms. Karat said India was going to throw open its markets when most countries were taking measures to protect their own economies amid global recession, adding that there was talk of India making a meek surrender before developed countries in WTO negotiations by indicating its willingness to complete the Doha Round. (Source: The Hindu, 07/24/09)

## **EU SEEKS CLARIFICATION ON IMPORT DUTY**

An official delegation from the European Union (EU), including trade and legal experts, are in New Delhi to hold discussions with the Indian government and state government representatives on the issue of 'discriminatory state taxes' on import of wines and spirits.

Incidence of taxes on foreign liquor is as high as 200-800 percent of the sale price, depending on the type and price of liquor and the state in which it is sold. The four states that have been identified by EU as one violating the WTO clause for national treatment include Maharashtra, Tamil Nadu, Andhra Pradesh and Karnataka. Stating that the Indian taxation structure on imported wines and spirits is violation of international trade laws, the EU has sought a level playing field and greater market access. Imported liquor faces a high additional duty of customs apart from basic custom duty making the imported liquor expensive for the end-users. (Source: Business Line, and Economic Times, 07/21/09 and 07/18/09)

## **GOVERNMENT GIVES APPROVAL TO SAFETY TRIALS FOR GM RICE AND MAIZE**

The Government has approved safety trials for genetically modified (GM) rice and maize. This decision provides an approval and support to the lab-improved varieties of staple cereal crops by private developers in a major way. The clearance was given at a recent meeting of the Genetic Engineering Approval Committee (GEAC), the government's biotech regulator. Public advocacy groups have associated GM foods with serious health hazards, including allergic reactions. However, supporters of GM crops insist that such crops have the potential to

address growing demand for food in the face of rising population, economic prosperity, and shrinking cultivable area. (Source: The Hindustan Times, 07/18/09)

### **BT BRINJAL: NO OUTSTANDING BIO-SAFETY ISSUES**

After the fiber crop 'Bt cotton', genetically-engineered food crops are set for more action, with Bt brinjal (eggplant) and golden rice expected to be released in less than three years. According to the Director of the All India Crop Biotechnology Association (AICBA), genetically engineered brinjal (Bt brinjal) is likely to be cleared for commercialization by the end of this year. Large-scale field trials have already been completed. Another GM food crop to be cleared for commercial cultivation is Golden Rice. Experts have asserted that there are no outstanding bio-safety issues as far as Bt brinjal is concerned. The elaborate process of approval from various regulatory bodies ensured that all concerns regarding safety of genetically modified food have been adequately addressed. (Source: The Business Line, 07/18/09)

### **INDIA LOOKS FOR A NEW DEAL WITH U.S. ON CLIMATE CHANGE**

India is looking into the possibility of entering into a bilateral arrangement with the United States on issues of financing and technology transfers in the area of climate change that can serve as a model for an agreement between the developed and developing countries ahead of the important Copenhagen summit in December. India has been arguing that developing countries cannot be expected to undertake any mitigation efforts in the absence of adequate transfer of finance and enabling technology from developed countries. Experts opine that such a bilateral arrangement would help in ending the current stalemate in negotiations to look for a post-Kyoto framework on climate change. (Source: The Indian Express, 07/21/09)

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